HOUSING MARKET INFORMATION

RENTAL MARKET REPORT

Newfoundland and Labrador Highlights

Canada Mortgage and Housing Corporation

Date Released: Spring 2007

Rental Markets Post Mixed Results

- Provincially, the combined total vacancy rate was 4.2 per cent.
- Higher costs and weaker income growth slowed the demand for homeownership within the St. John's CMA.
- Average two bedroom rent was $560 across the six urban centres surveyed.
- As reported in the April survey, Labrador CA was the tightest rental market in the province.

Figure 1

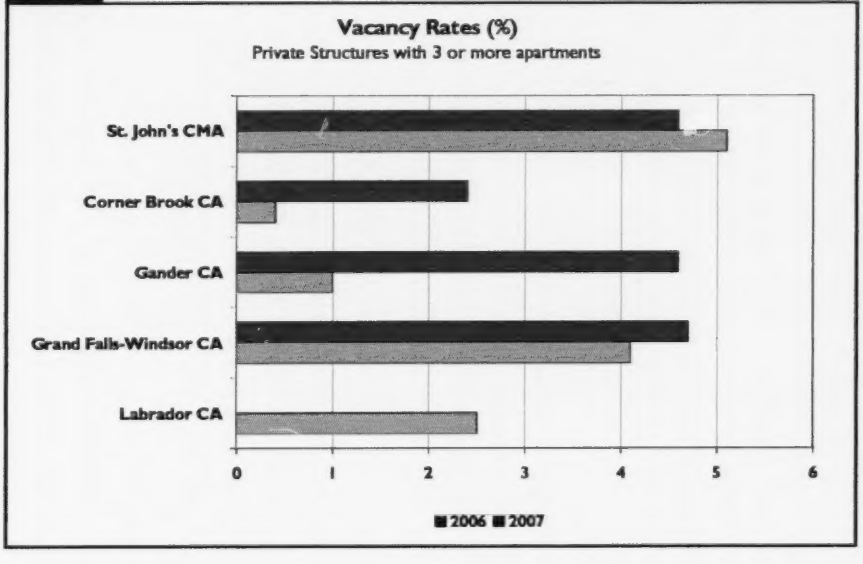

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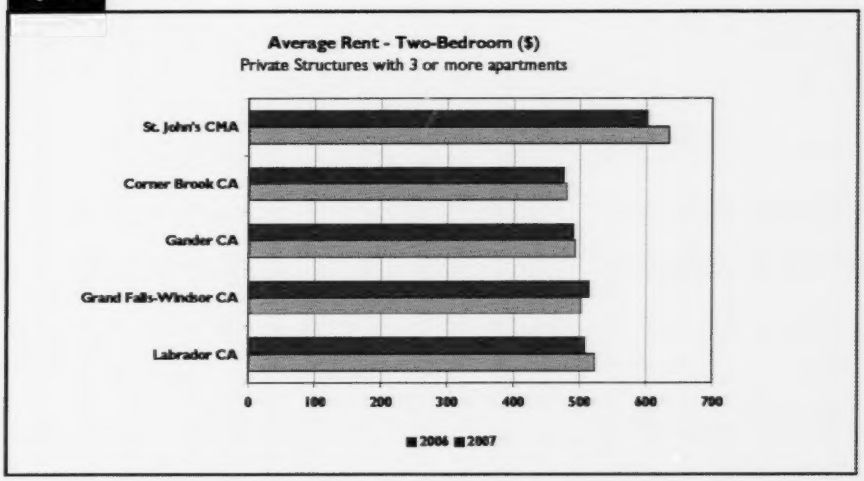
Figure 2



Overview

CMHC's survey of rental accommodation conducted during the month of April indicated that vacancy rates for private apartment structures containing three or more units posted mixed results within surveyed centres throughout Newfoundland and Labrador. The vacancy rate was highest in Bay Roberts CA (Census Agglomerate), a newcomer to the CA category and to the rental market survey, while the lowest vacancy rate recorded was in Labrador CA. As expected, average rents were highest within the St. John's CMA (Census Metropolitan Area), with Bay Roberts CA being the most affordable centre surveyed for rental accommodations. Provincially, the combined total vacancy rate came in at 4.2 per cent during the April survey.

The rental market in the St. John's CMA posted a vacancy rate of 4.6 per cent. Without an accompanying improvement in future employment conditions, out-migration could keep the vacancy rate from falling in the region. Interest rate hikes, escalating new home construction costs and weaker income growth are slowing the demand for homeownership within the St. John's CMA. Accordingly, the movement of renter households into a homeownership situation is also slowing. Furthermore, a lack of rental construction has had little impact on the supply of rental stock. The above are viewed as key factors behind the posted vacancy rate and are expected to persist going forward.

With an increase in hiring and continued expansion at IOC, Labrador CA is the tightest rental market in the province with no vacancies reported in the April survey. With much improved social and economic conditions within the region, the Labrador CA rental market is expected to continue to remain tight with low levels of vacancy and rising rents.

In other rental markets, the April survey story varied from centre to centre. The Gander region, which posted a vacancy rate of 4.6 per cent, is being negatively impacted by the uncertainty surrounding the future of the international airport, which employs approximately 1,200 people. In Grand Falls-Windsor CA, the construction of new homes and subsequent movement to homeownership resulted in a vacancy rate of 4.7 per cent in April. With a vacancy rate of 2.4 per cent, Corner Brook CA is second only to Labrador CA as the tightest rental market in the province.

Average Rents

Overall, the average two bedroom rent was $560 across the six urban centres surveyed within Newfoundland and Labrador. The highest average two bedroom rent recorded was $602 in the St. John's CMA, while Bay Roberts CA posted the lowest average rent of $422. The remaining average two bedroom rents were, Corner Brook CA: $476; Gander CA: $490; Grand Falls-Windsor CA: $514; and Labrador CA: $508.

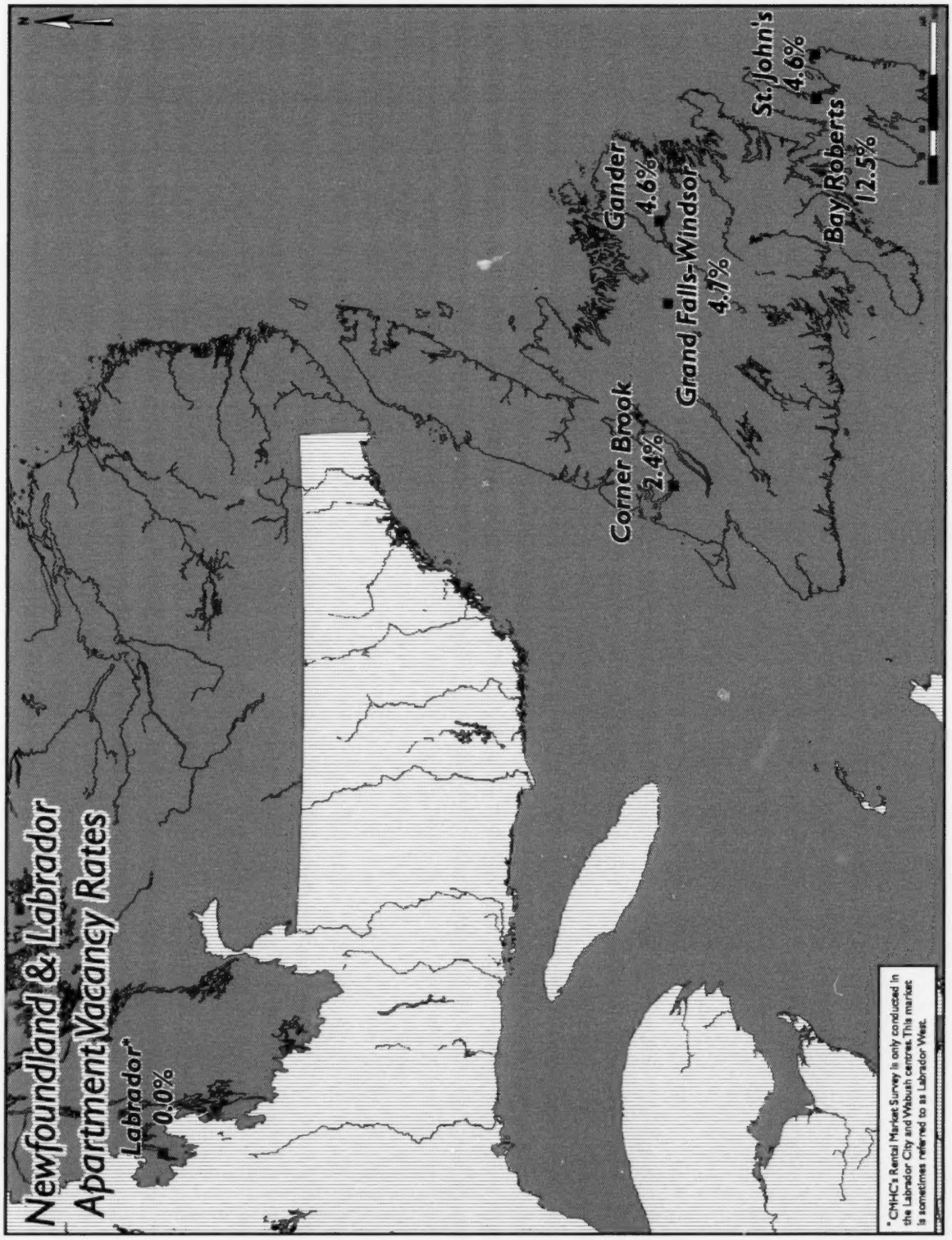
Availability Rates

Consistent with the vacancy rate pattern, the availability rate ranged from a high of 12.5 per cent in Bay Roberts CA, to a low of 0.5 per cent in Labrador CA. The St. John's CMA availability rate was 5.3 per cent, while Gander CA, Grand Falls-Windsor CA and Corner Brook CA posted availability rates of 4.6, 7.0 and 2.4 per cent, respectively.

CAUTION

In our analysis, we have deliberately avoided making comparisons between the results of the April 2007 rental market survey and the October 2006 survey. A key reason for this is that changes in rents, vacancy rates, and availability rates between the spring and the fall may not be solely attributable to changes in rental market conditions; they could also reflect seasonal factors. For example, if more people tend to move in the spring than in the fall, it could have an impact on vacancy and availability rates as well as the level of rents. Alternatively, in centres where there are a significant number of university students, vacancy and availability rates could be higher in the spring if students move home for the summer.

To the extent that these types of seasonal variations exist, comparing results from the spring and fall Rental Market Surveys could lead to incorrect conclusions about trends in rental market conditions. To avoid this, we have limited our analysis to the results of our spring 2007 Rental Market Survey and comparing these results for different centres across Canada. In spring 2008, when we have results from our second spring Rental Market Survey, we will be able to extend our analysis to make year over year comparisons.


Newfoundland & Labrador
Apartment Vacancy Rates
Labrador*
0.0%
Corner Brook
2.4%
Grand Falls-Windsor
4.1%
Gander
4.6%
Bay Roberts
12.5%
St. John's
4.6%
* CMHC's Rental Market Survey is only conducted in the Labrador City and Wabush centres. This market is sometimes referred to as Labrador West.

1.1.1 Private Apartment Vacancy Rates (%) by Bedroom Type Newfoundland and Labrador

Centre	Bachelor		1 Bedroom		2 Bedroom		3 Bedroom +		Total	
	Oct-06	Apr-07	Oct-06	Apr-07	Oct-06	Apr-07	Oct-06	Apr-07	Oct-06	Apr-07
St. John's CMA	5.9 c	5.1 b	4.1 a	4.0 a	4.8 a	4.0 a	10.6 c	9.9 b	5.1 a	4.6 a
Bay Roberts CA	n/u	n/u	n/u	**	n/u	11.1 a	n/u	**	n/u	12.5 a
Corner Brook CA	0.0 a	**	1.3 a	4.6 a	0.0 a	1.7 a	0.0 a	0.0 a	0.4 a	2.4 a
Gander CA	**	**	1.3 a	7.0 a	1.0 a	3.6 a	0.0 a	5.7 a	1.0 a	4.6 a
Grand Falls-Windsor CA	**	**	3.2 a	6.1 a	4.1 c	4.5 a	3.0 a	n/u	4.1 b	4.7 a
Labrador CA	**	n/s	3.7 c	0.0 d	1.3 a	0.0 c	5.2 d	0.0 d	2.5 b	0.0 c
Newfoundland & Labrador 10,000+	**5.7 c**	**4.7 b**	**3.6 a**	**4.3 a**	**3.6 a**	**3.5 a**	**7.9 b**	**7.6 b**	**4.1 a**	**4.2 a**

The following letter codes are used to indicate the reliability of the estimates:
a – Excellent, b – Very good, c – Good, d – Fair (Use with Caution)
** Data suppressed to protect confidentiality or data is not statistically reliable
n/u: No units exist in universe for this category **n/s:** No units exist in the sample for this category **n/a:** Not applicable

1.1.2 Private Apartment Average Rents ($) by Bedroom Type Newfoundland and Labrador

Centre	Bachelor		1 Bedroom		2 Bedroom		3 Bedroom +		Total	
	Oct-06	Apr-07	Oct-06	Apr-07	Oct-06	Apr-07	Oct-06	Apr-07	Oct-06	Apr-07
St. John's CMA	487 b	467 a	542 a	548 a	635 a	602 a	655 a	651 a	591 a	579 a
Bay Roberts CA	n/u	n/u	n/u	**	n/u	422 a	n/u	**	n/u	418 a
Corner Brook CA	402 a	400 a	409 a	411 a	480 a	476 a	528 a	543 a	459 a	456 a
Gander CA	**	**	433 a	432 a	493 a	490 a	502 a	504 a	477 a	475 a
Grand Falls-Windsor CA	**	**	448 a	422 a	502 a	514 a	489 a	n/u	491 a	498 a
Labrador CA	**	n/s	483 b	459 a	523 a	508 a	557 a	624 b	519 a	520 a
Newfoundland & Labrador 10,000+	**480 b**	**461 a**	**517 a**	**514 a**	**585 a**	**560 a**	**613 a**	**629 a**	**559 a**	**547 a**

The following letter codes are used to indicate the reliability of the estimates (cv = coefficient of variation):
a – Excellent ($0 \leq cv \leq 2.5$), b – Very good ($2.5 < cv \leq 5$), c – Good ($5 < cv \leq 7.5$)
d – Fair (Use with Caution) ($7.5 < cv \leq 10$)
** Data suppressed to protect confidentiality or data is not statistically reliable
n/u: No units exist in universe for this category **n/s:** No units exist in the sample for this category **n/a:** Not applicable

Please click **Methodology** or **Data Reliability Tables Appendix links** for more details

1.1.3 Number of Private Apartment Units Vacant and Universe in April 2007 by Bedroom Type Newfoundland and Labrador

Centre	Bachelor		1 Bedroom		2 Bedroom		3 Bedroom +		Total	
	Vacant	Total	Vacant	Total	Vacant	Total	Vacant	Total	Vacant	Total
St. John's CMA	18 b	363	49 a	1,234	78 a	1,936	33 b	335	179 a	3,867
Bay Roberts CA	n/u	n/u	**	**	3 a	27	**	**	4 a	32
Corner Brook CA	**	23	7 a	155	5 a	294	0 a	37	12 a	509
Gander CA	**	**	11 a	158	15 a	419	2 a	35	28 a	613
Grand Falls-Windsor CA	**	**	2 a	33	10 a	221	n/u	n/u	12 a	257
Labrador CA	n/s	n/s	0 d	46	0 c	242	0 d	55	0 c	342
Newfoundland & Labrador 10,00	**18 b**	**389**	**70 a**	**1,629**	**111 a**	**3,139**	**35 b**	**463**	**235 a**	**5,620**

1.1.4 Private Apartment Availability Rates (%) by Bedroom Type Newfoundland and Labrador

Centre	Bachelor		1 Bedroom		2 Bedroom		3 Bedroom +		Total	
	Oct-06	Apr-07	Oct-06	Apr-07	Oct-06	Apr-07	Oct-06	Apr-07	Oct-06	Apr-07
St. John's CMA	5.9 c	5.1 b	4.5 a	4.8 a	5.4 a	4.7 a	11.2 c	10.8 c	5.6 a	5.3 a
Bay Roberts CA	n/u	n/u	n/u	**	n/u	11.1 a	n/u	**	n/u	12.5 a
Corner Brook CA	0.0 a	**	1.3 a	4.6 a	0.0 a	1.7 a	0.0 a	0.0 a	0.4 a	2.4 a
Gander CA	**	**	1.3 a	7.0 a	1.0 a	3.6 a	0.0 a	5.7 a	1.0 a	4.6 a
Grand Falls-Windsor CA	**	**	5.9 a	6.1 a	5.4 b	7.2 a	3.0 a	n/u	5.5 b	7.0 a
Labrador CA	**	n/s	3.7 c	0.0 d	1.3 a	0.0 c	5.2 d	**	2.5 b	0.5 b
Newfoundland & Labrador 10,000+	**5.7 c**	**4.7 b**	**3.9 a**	**4.9 a**	**4.1 a**	**4.1 a**	**8.3 b**	**8.7 b**	**4.5 a**	**4.8 a**

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Please click **Methodology** or **Data Reliability Tables Appendix links** for more details

METHODOLOGY FOR RENTAL MARKET SURVEY

Canada Mortgage and Housing Corporation (CMHC) conducts the **Rental Market Survey** (RMS) every year in April and October to estimate the relative strengths in the rental market. The survey is conducted on a sample basis in all urban areas with populations of 10,000 and more. The survey targets only privately initiated structures with at least three rental units, which have been on the market for at least three months. The survey collects market rent, available and vacant unit data for all sampled structures. Most RMS data contained in this publication refer to privately initiated apartment structures.

The survey is conducted by a combination of telephone interviews and site visits, and information is obtained from the owner, manager, or building superintendent. The survey is conducted during the first two weeks of April/October, and the results reflect market conditions at that time.

Data tables in this publication result from CMHC's Rental Market Survey and provide a snapshot of vacancy and availability rates, and average rents in both new and existing structures.

DEFINITIONS

Availability: A rental unit is considered available if the existing tenant has given, or has received, notice to move, and a new tenant has not signed a lease; or the unit is vacant (see definition of vacancy below).

Rent: The rent refers to the actual amount tenants pay for their unit. No adjustments are made for the inclusion or exclusion of amenities and services such as heat, hydro, parking, and hot water. For available and vacant units, the rent is the amount the owner is asking for the unit.

It should be noted that the average rents reported in this publication provide a sound indication of the amounts paid by unit size and geographical sector. Utilities such as heating, electricity and hot water may or may not be included in the rent.

Rental Apartment Structure: Any building containing three or more rental units, of which at least one unit is not ground oriented. Owner-occupied units are not included in the rental building unit count.

Rental Row (Townhouse) Structure: Any building containing three or more rental units, all of which are ground oriented with vertical divisions. Owner-occupied units are not included in the rental building unit count. These row units in some centres are commonly referred to as townhouses.

Vacancy: A unit is considered vacant if, at the time of the survey, it is physically unoccupied and available for immediate rental.

Definitions of Census Areas referred to in this publication are as follows:

A census metropolitan area (CMA) or a census agglomeration (CA) is formed by one or more adjacent municipalities centred on a large urban area (known as the urban core). The census population count of the urban core is at least 10,000 to form a census agglomeration and at least 100,000 to form a census metropolitan area. To be included in the CMA or CA, other adjacent municipalities must have a high degree of integration with the central urban area, as measured by commuting flows derived from census place of work data. CMAs and CAs contain whole municipalities or Census Subdivisions.

October 2006 data presented in this publication is based on Statistics Canada's 2001 Census area definitions. April 2007 data presented in this publication is based on Statistics Canada's 2006 Census area definitions.

Acknowledgement

The Rental Market Survey could not have been conducted without the cooperation of the rental property owners, managers, and building superintendents throughout Canada. CMHC acknowledges their hard work and assistance in providing timely and accurate information. As a result of their contribution, CMHC is able to provide information that benefits the entire housing industry.

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